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INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT, dated as of June 1, 1971, between the FIRST NATIONAL BANK OF MARQUETTE, a National Banking Association (hereinafter called "Bank"), and THE LAKE SUPERIOR AND ISHPEMING RAILROAD COMPANY, a Michigan corporation (hereinafter called "Railroad").

WHEREAS, the Bank has agreed to sell to the Railroad and the Railroad has agreed to purchase the Data Processing Equipment described in Schedule A attached hereto (hereinafter called "Equipment"); and

WHEREAS, the Bank and the Railroad have agreed that this Agreement shall exclusively and completely state the rights of the Bank and the Railroad with respect to the Equipment and shall supercede all other agreements, oral or written, with respect to the Equipment;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, covenants and agreements hereinafter set forth, the parties do hereby agree as follows:

I. SALE. Pursuant to this Agreement, the Bank will sell and the Railroad will purchase (as hereinafter provided) the Equipment.

II. DELIVERY. The Railroad acknowledges that the Equipment has heretofore been delivered into its possession, and further acknowledges that the Railroad presently has possession of the Equipment.

III. PURCHASE PRICE AND PAYMENT OF PRICE. The purchase price of the Equipment, exclusive of interest, shall be Two Hundred Sixty Thousand Dollars (\$260,000.00). The Railroad hereby promises to pay in cash to, the Bank at such place as the Bank may designate, the purchase price of the Equipment, as follows: fourteen equal semi-annual installments in the amount of Eighteen Thousand Five Hundred Seventy Dollars (\$18,570.00), plus interest at the rate of seven and one-half percent (7-1/2%) on the unpaid balance of the purchase price. The first installment of the purchase price shall be payable on June 1, 1971, and subsequent installments shall be payable semi-annually thereafter on June 1 and December 1 of each year, to and including December 1, 1977. The final payment shall equal the entire balance due of principal and interest. All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Railroad shall, at all times, have the privilege of prepaying any or all of the installments of the purchase price hereunder or any portion of any such installments, provided that any such prepayments shall be applied to installments falling due in the inverse order of their maturities, after payment by the Railroad of all interest then accrued on each installment or portion thereof so prepaid. No premium shall be payable in respect to any prepayment as provided in this paragraph.

IV. TITLE TO THE EQUIPMENT. The Bank shall and hereby does retain the full legal title to and property in the Equipment until the Railroad shall have made all of the payments hereunder, and shall have kept and performed all of its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as herein provided. When and only when the Bank shall have been paid the full indebtedness in respect to the purchase price of the Equipment, together with interest and all other payments as herein provided, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Bank except that the Bank, if requested by the Railroad, will execute a bill or bills of sale of the Equipment transferring the Bank's title thereto and property therein to the Railroad free of all liens and encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad, and will execute in the same manner and deliver for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the railroad to the Equipment.

V. REPLACEMENT OF EQUIPMENT. In the event that any portion of the Equipment shall be worn out, lost, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever (such occurrences being hereinafter called "Casualty Occurrences") prior to the payment of the full indebtedness in respect to the purchase price of the equipment, together with interest thereon and all other payments required hereby the Railroad shall promptly and fully inform the Bank in regard thereto. The Railroad, within thirty (30) days of such event, shall have the following options:

I. Pay to the Bank a sum equal to the value of such units as of the date of the Casualty Occurrence in respect of each thereof determined as hereinafter provided. For all purposes of this paragraph the value of any units suffering a Casualty Occurrence shall be the purchase price of such units less depreciation. The applicable rate of depreciation shall be conclusively determined by the certificate of any Vice President of the Railroad filed with the Bank at the time of the aforesaid payment.

II. Replace each such item destroyed, lost or damaged with another item (herein called "Substituted Item") which shall be of the same or later year of manufacture, the same or costlier type and the same or better physical condition than the item involved in the Casualty Occurrence, and to execute and deliver to the Bank a Security Agreement which

shall grant the Bank a security interest in each such Substituted Item as security for the debt and which shall be in the same form and of the same substance as this Agreement.

Any money paid to the Bank pursuant to this paragraph shall, as the Railroad may direct, be applied in whole or in part, to prepay installments of the purchase price, in the manner set forth in the preceding paragraph.

VI. MAINTENANCE AND REPAIR. The Railroad will at all times maintain the Equipment in good order and repair at its own expense. The Bank shall have the right, by its agents, to inspect the Equipment once in every year.

VII. POSSESSION AND USE. The Railroad, so long as it shall not be in default under this Agreement, shall be entitled to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

VIII. PROHIBITION AGAINST LIENS. The Railroad will pay or satisfy and discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, equal or superior to the title of the Bank thereto but shall not be required to pay or discharge any such claims so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the non-payment thereof does not, in the opinion

of the Bank, adversely affect the property or the rights of the Bank hereunder. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, undetermined or inchoate materialmens, mechanics, workmens, repairmans, or other like liens arising in the ordinary course of business and, in each case not delinquent.

IX. WARRANTIES. The Railroad hereby represents and warrants to the Bank as follows:

(a) The Railroad is a duly organized and validly existing corporation under the laws of Michigan and is duly qualified to do business in that State.

(b) The Railroad has legal power and right to enter into this Agreement and to perform and observe all provisions hereof. The Railroad's officers executing and delivering this Agreement have been duly authorized to do so and, when so executed and delivered this Agreement will be valid and legally binding upon the Railroad in every respect. By entering into and performing and observing the provisions of this Agreement, the Railroad will not violate any existing provisions of its Articles of Incorporation or By-Laws or of any applicable law or governmental organization or violate or otherwise become in default under any existing contract or other obligations binding upon the Railroad.

(c) No litigation or proceedings are pending or threatened which might if successful adversely affect the Railroad to a substantial extent.

The Bank represents and warrants to the Railroad as follows:

(a) The Bank is the sole and absolute owner of the Equipment. The Bank has not entered into any other security agreement with respect to the Equipment and there exists no title, security interest, lien or other claim of any kind in or to the Equipment other than the security interest as evidenced by this Agreement.

X. INSURANCE. The Railroad agrees at all times to keep the Equipment insured (or self insured if the Bank shall consent in writing to said self insurance by the Railroad) in such amounts, by such policies, by such insurers and against such losses and hazards as the Bank may from time to time reasonably require, all at no cost or expense to the Bank, each of which insurance policies shall include a loss payable clause (in form satisfactory to the Bank) in favor of the Bank as its interest may appear.

XI. DEFAULT. In the event that any one or more of these default events shall occur and be continuing, to-wit:

(a) The Railroad shall fail to pay in full any sum payable by the Railroad and payment thereof shall be due hereunder; or

(b) The Railroad shall, for more than thirty (30) days after the Bank shall have demanded in writing performance

hereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement on its part to be kept and performed or to make provisions satisfactory to the Bank for such compliance; or

(c) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or said Section 77 may be hereafter amended, shall be filed by or against the Railroad, and all the obligations of the Railroad under this Agreement shall not have been duly assumed by the Trustee or Trustees appointed to such proceedings or otherwise given the same status as obligations assumed by such a Trustee or Trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, which ever shall be earlier; or

(d) Any proceedings shall be commenced by or against the Railroad for any relief under any Bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all of the obligations of the Railroad under this Agreement shall not have been duly assumed by the Trustee or Trustees of Receiver or Receivers appointed for the Railroad or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed

by such a Trustee or Trustees or Receiver or Receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceeding shall have been commenced, whichever shall be earlier; or

(e) The Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any portion of the Equipment;

At any time after the occurrence of such a default event the Bank may, by written notice to the Railroad and upon compliance with any legal requirements then in force applicable to such action by the Bank, declare the entire indebtedness in respect to the aggregate purchase price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand. The Bank shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect to the aggregate purchase price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Bank may weigh any such event of default and its consequences and rescind and annul any such declaration by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been

made. Notwithstanding the provisions of this paragraph, it is expressly agreed and understood by the Railroad that time is of the essence in this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

XII. REMEDIES. If a default event shall have occurred and be continuing as hereinbefore provided, and at any time after the entire indebtedness with respect to the aggregate purchase price of Equipment shall have been declared immediately due and payable as hereinbefore provided and during the continuance of such default, the Bank may, upon such further notice, if any, as may be required for compliance with any mandatory requirement of law applicable to the action to be taken by the Bank, take or cause to be taken by its agent or agents immediate possession of the Equipment or any units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, and may remove the same from the possession and use of the Railroad and for such purpose may enter upon the Railroad's premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids, with or without process of law. After removal, the Bank shall, within sixty (60) days cause the Equipment to be sold at public auction, and return to the Railroad, all monies received from said sale over and above the unpaid principal, interest and expenses

of said repossession and sale. Each and every power and remedy hereby specifically given to the Bank shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Bank. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Bank in the exercise of any such power or remedy and no renewal for extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or acquiescence therein.

XIII. EXTENSION NOT A WAIVER. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Bank shall impair or affect the Bank's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Bank's rights or the Railroad's obligations hereunder. The Bank's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations and the vendor's rights hereunder with respect to any subsequent payments or defaults therein.

XIV. RECORDING. The Railroad will cause this Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20 (c) of the Interstate Commerce Act, and otherwise as may be required by law or reasonably requested by the Bank for the purpose of proper protection, to the satisfaction of counsel for the Bank, of its title to the equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Bank certificates or other evidences of such filing and recording, and the opinion or opinions of counsel for the Railroad with respect thereto, satisfactory to the Bank.

XV. NOTICE. Any notice hereunder to the Railroad shall be deemed to be properly served if delivered or mailed to the Railroad at 105 East Washington Street, Marquette, Michigan, or at such other address as may have been furnished in writing to the Bank by Railroad. Any notice hereunder to the Bank shall be deemed to be properly served or delivered if mailed to the Bank at First National Bank of Marquette, Marquette, Michigan, or at such other address as may have been furnished in writing to the Railroad by the Bank.

XVI. ARTICLE HEADINGS. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

XVII. MODIFICATION OF AGREEMENT. No variation of this Agreement and no waiver of any of its provisions or its conditions shall be valid unless in writing and duly executed on behalf of the Bank and the Railraod.

XVIII. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Michigan, provided however, that the parties shall be entitled to all rights conferred by Section 20(c) of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

FIRST NATIONAL BANK OF MARQUETTE

By *E. A. Mattison*

Its Executive Vice-President

ATTEST:

RL 2 S. S. S. S.
~~Secretary~~ Cashier

LAKE SUPERIOR & ISHPEMING RAILROAD CO.

By *J. J. Sullivan*
Its EXECUTIVE VICE PRESIDENT

ATTEST:

W. J. S. S. S.
Secretary
VICE PRESIDENT AND SECRETARY

SCHEDULE A

LIST OF IBM DATA PROCESSING MACHINES:

<u>Quantity</u>	<u>Type</u>	<u>Model</u>	<u>Description</u>	<u>Serial Number</u>
1	2030	E00 3237 3895 6960 7915 4427	32K Processing Unit Decimal Arithmetic External Interrupt Selector Channel - 1st 1051 Attachment Floating Point	2030-15727
1	1051	N01 3130 4410 4411	Control Unit CPU Attachment 1st Punch Attachment 1st Reader Attachment	1051-53461
1	1052	008	Printer - Keyboard	1052-63428
1	1403	N01	Printer	1403-36699
1	2540	001 5890	Card Read Punch Punch Feed Read	2540-21998
1	2821	001 3615 5895	Control Unit 1100 LPM Printer Adapter Punch Feed Read Control	2821-17975
1	1416	001	Interchangeable Train Cartridge	1416-14633